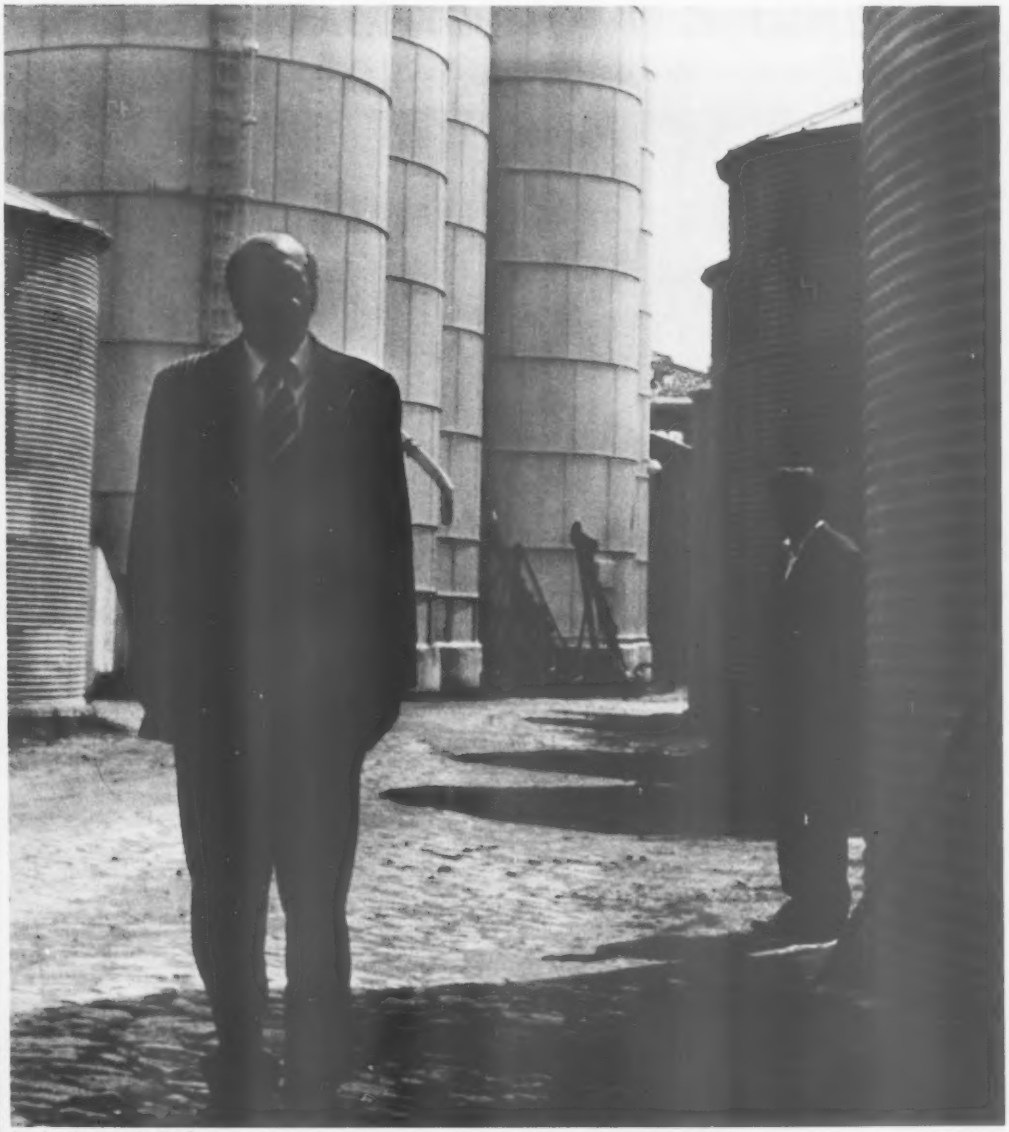
FOREIGN AGRICULTURE



Grain storage in Turkey.

June 24, 1974

Prospects for U.S. Cotton in Far East

Turkey Resumes Wheat Imports

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE
VOL. XII No. 25 June 24, 1974

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This week's cover:

The manager and an assistant pose near the metal silos of a Government-owned grain storage facility in Turkey's Anatolia production area. Bins are nearly empty this year, however, since farmers realized higher prices from the private sector. See article beginning on page 8.

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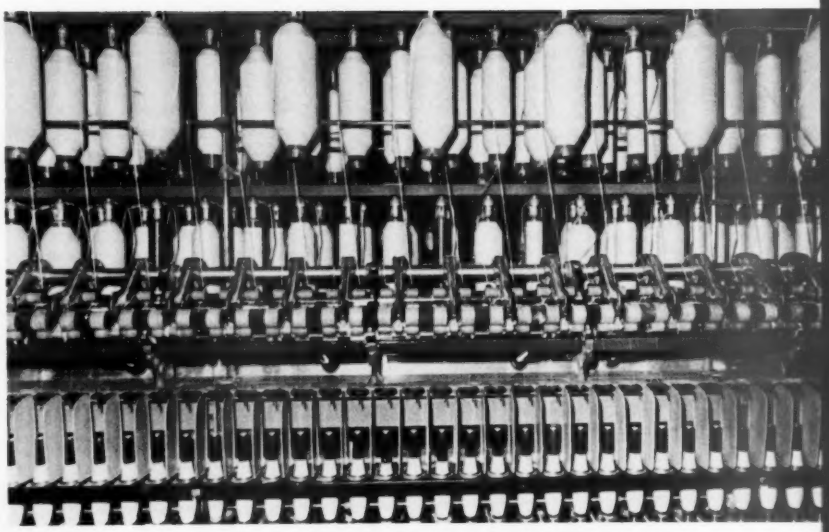
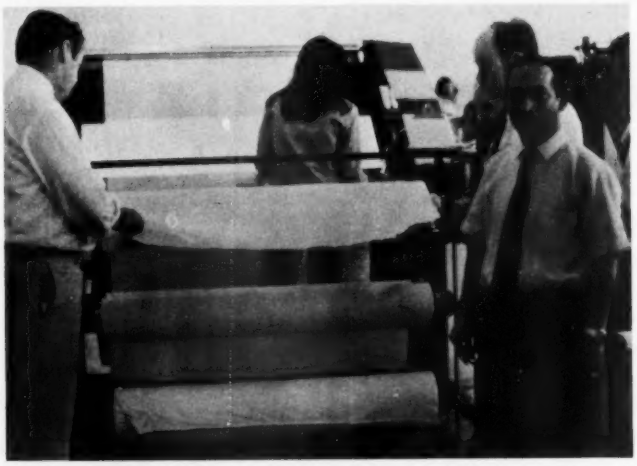
Use of funds for printing *Foreign Agriculture* has been approved by the Office of Management and Budget (May 14, 1974). Yearly subscription rate: $20.00 domestic, $25.00 foreign; single copies 45 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

Two U.S. cotton trade missions, which visited six countries in the Far East in April 1974, report that because of high stock levels and lagging world demand for textiles . . . . .





Spinning frame, top, at one of Singapore's biggest textile mills, has a capacity for spindle speed of 12,800 revolutions per minute. Although relatively young, Singapore's textile and garment industries have expanded moderately in the past few years. Center, members of the U.S. cotton team examine the quality of cotton cloth woven in a Malaysian textile mill. Samples of imported cotton used in the mill, left, were also viewed by team members.

...Prospects Mixed for U.S. Cotton in Far East

Korea, Philippines, and Thailand

By DUDLEY G. WILLIAMS
Foreign Market Development, Cotton
Foreign Agricultural Service

PROSPECTS FOR U.S. cotton in Korea, the Philippines, and Thailand are mixed, although positive market factors seem to have the upper hand at present, suggesting that U.S. cotton sales could remain at least at current high levels in 1974-75. U.S. cotton accounts for more than 95 percent of the total consumed in Korea and the Philippines and 60 percent or more in Thailand. Little change in this share is foreseen—provided that adequate credit financing is available.

Factors that could boost demand for U.S. cotton in these markets in 1974-75 include:

- Textile industries, which rely heavily on imports of U.S. cotton, are continuing to plan for expansion.
- Domestic production of cotton—as a share of total requirements—is small and declining. Efforts to increase raw cotton production face heavily negative odds in all three countries, due to unfavorable climatic conditions, pest control difficulties, and producers' reluctance to adopt modern techniques.
- U.S. market development programs, cooperatively carried out by USDA and the Cotton Council International, are actively promoting U.S. cotton in these markets.

Counterbalancing negative forces are:

- Credit for raw cotton purchases is tighter. While credit is expensive in all of these countries, it is most seriously limited in Korea. The cutoff of Commodity Credit Corporation (CCC) credits and Title I of Public Law 480, combined with the reluctance of private banks to grant 3-year credit on raw material purchases, has left the industry virtually without credit possibilities.
- Demand for textiles is weakening, particularly in export markets served by these countries. The backoff in textile demand is attributed to worldwide inflation pressures, creating consumer resistance and reestablishment of purchasing priorities. Softening demand, particularly on export markets, may act as a damper on industry expansion plans.
- Mills are generally well covered for raw cotton requirements. Forward purchases in Korea, for example, now total about a million bales. Some mills appear to be covered as far ahead as 1975.
- Synthetic fiber availability is improving, and prices are easing somewhat. Current quotations for polyester range from the equivalent of 90 cents to $1 per pound, depending on the source, and from 60 to 65 cents per pound for rayon.

All countries visited were enthusiastic about the new Universal Density Bale. Due to the large number of gins and compresses in the United States, however, it will be at least 2 years before the changeover to this bale is made. In the meantime, mill officials were encouraged to make suggestions on bale size, packaging, and shipping to help the U.S. cotton industry to provide the best service possible.

Korea. Although ambitious plans continue for expanding the Korean textile industry, some doubt is emerging as to whether the industry can maintain its momentum. This doubt arises from a serious lack of financing for raw materials, weaker export market demand in some countries, and increased Government emphasis on investment in heavy industry—at the expense of light industry such as textile manufacturing.

Probably most significant at the moment is the effect on spinners of

Continued on page 5

Team members were: Walton H. Scott, Jr. (Team Leader), representing the American Cotton Shippers Association; William E. Franklin, AMCOT; James H. White, Cotton Warehouse Association of America; Theodore C. Nix, cotton producer; David C. Hull, Cotton Council International; and Mr. Williams.

Indonesia, Singapore, and Malaysia

By JOSEPH H. STEVENSON
Foreign Commodity Analysis, Cotton
Foreign Agricultural Service

FACED WITH A slowdown in demand for cotton yarns and textiles, mills in Indonesia, Singapore, and Malaysia may cut back purchases of U.S. cotton in coming months, at least compared with the boom in 1973. Higher-than-usual stocks may also depress U.S. sales. Because of skidding textile sales and heavy buying earlier, mills have accumulated about 6-9 months of cotton stocks, compared with a normal 3-4 months' supply.

However, longer-term potential for U.S. cotton in these markets is relatively bright. Generally, textile industries are continuing to expand, aided by plentiful labor, low wages, and foreign investment from Hong Kong, Japan, and elsewhere. Also, mills hope that textile sales will pick up by the end of 1974 or sooner. This will depend, however, on such economic factors as inflation, rising costs, and disposable income that consumers are willing to spend for textiles.

Finally, because of the competitive situation and diversity of buying interest, future U.S. cotton sales will depend on the U.S. industry's ability to offer adequate supplies of a wide range of qualities of cotton and remain competitive in price.

Indonesia. The textile industry, already an important segment of the Indonesian economy, is expanding rapidly. Spindles have increased from

Members of the mission were: Raymond V. Cooper (Team Leader), American Cotton Shippers Association; Roy C. Forkner, representing cotton producers; Joseph W. Bruce, AMCOT; and Mr. Stevenson.

482,000 in October 1971 to 806,000 in April 1974.

Plans call for further increases to 1 million spindles by 1976, and the Government target is 1.25 million spindles by 1979. Authorities are optimistic that this figure will be exceeded, and the eventual goal is about 2 million spindles. Although these goals could be modified, total labor availability and wage rates should enhance expansion.

There are 30 textile mills in Indonesia; half are Government owned, and the other half privately owned. Many of the privately owned mills are jointly owned or financed by foreign interests. The industry is presently operating on a 7-day-a-week, three-shift basis. However, mills are experiencing severe competition from Pakistan yarn sold recently in Indonesia at low prices.

As a result of the industry expansion, the demand for cotton and other textile fibers should increase. Cotton is presently enjoying a large share of fiber consumption in Indonesia, as manmade fibers have been in tight supply and prices have increased.

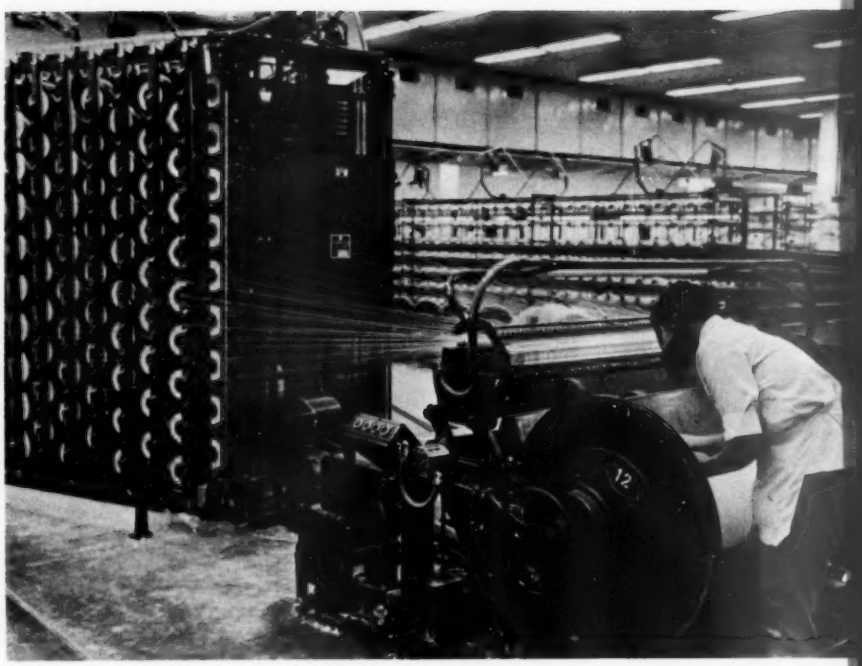
In the long term, the outlook for cotton is not as bright. Studies developed in connection with the second 5-year plan indicate that manmade fiber consumption will increase from the present level of 75,000-bale equivalent to an estimated 250,000-bale equivalent by March 1979. By comparison, cotton consumption is expected to rise from the level of 360,000 bales to about 550,000 bales.

Until recently, Indonesia obtained practically all of its cotton from the United States under Public Law 480. Only speciality cottons were purchased commercially. Some cotton yarns were also supplied under P.L. 480. In 1971-72, when supplies of U.S. cotton were short, Indonesia began to make substantial free-market purchases of upland cotton, chiefly from the United States, Mexico, Brazil, and Sudan.

In the current season, relatively more commercial purchases have been made since the United States has cut back sharply on P.L. 480 cotton. Because of this and shipping delays of commercial cotton from the United States, Indonesia has bought about 50,000 bales from various Middle East countries.

As Indonesia's balance of payments situation improves as a result of larger exports of high-valued oil, metals, and timber, and as the textile industry is enlarged, it appears that large purchases will be made on a commercial basis. The share of U.S. cotton purchased will depend in large degree on its competitive position.

A plus factor for U.S. cotton is that after many years of use, the Indonesian textile industry is accustomed to and prefers U.S. cotton.



Warping machine in Singapore textile mill has a speed of 1,000 yards per minute, with an automatic stop for yarn breaks.

Singapore. The textile industry, with about 135,000 spindles, has expanded moderately and has further provisional expansion plans. The industry is relatively young, but is well-managed and efficient. Initially, the industry consisted of apparel and embroidery manufacturers who used imported fabrics. By 1970, six spinning mills had been established, and most of these mills also weave and finish.

The textile industries of Singapore and Malaysia are now separate entities because of the secession of Singapore from Malaysia in 1965. Initially, their industries were complementary. Yarn and fabric was made in Malaysia and apparel was made in Singapore. Since 1965, however, each has established modern integrated operations.

A majority of textiles made in Singapore are exported, as in Malaysia. Therefore, the health of the industry is directly related to the status of the world market for textiles. As in most countries in the Far East, the Singapore textile industry enjoyed a banner sales and income year in 1973, but currently is experiencing a slow market and low demand.

Singapore imported 112,000 bales of U.S. cotton in 1973, compared with only 68,000 bales in each of the 2 previous years. Imports may decline in 1974 in view of the large 1973 imports, but import needs have increased because of industry growth. The United States is the chief source of cotton for Singapore, accounting for nearly one-third in 1973.

Chief competitors to U.S. cotton in the Singapore market are Brazil and Pakistan for the short- to medium-staple cottons, while Uganda and Tanzania are sources of the medium-long roller ginned cotton. Manmade fibers are also strong competitors to cotton as blends are quite prominent in the textile export picture.

Mills expressed appreciation to the team for reliability of U.S. shippers and the fact that they honored contracts despite the steep rise in prices this season. This has given U.S. cotton a competitive edge over certain other growths which were not shipped at all, or were not shipped according to contract.

Mills have experienced delays in receipt of U.S. cotton shipments this season because of ocean transportation and inland handling problems. Unless these are corrected, and transportation costs are held to reasonable levels, U.S. cotton might lose some of the competitive advantage it has enjoyed.

Malaysia. As in Indonesia and other Far East countries, Malaysia's textile industry is expanding rapidly and further growth is planned. Approximately 150,000 spindles are in operation at present, and others are being installed.

By the end of 1974, spindleage is expected to reach 180,000 and by the end of 1975 a total of 300,000 will be in place if plans materialize. At present 4,500 looms are in operation and this number is expected to nearly double by the end of 1975. There are currently 12 spinning mills in Malaysia.

The growth in the textile industry is attributed to a number of factors including plentiful and relatively cheap labor, and the desire of the country to develop industries to provide employment and foreign exchange earnings. As an incentive, the Government offers certain tax advantages to new textile plants.

Textile exports are the primary objective of industry expansion. Textile production has already outstripped domestic consumption, although imports of certain types of textiles may continue for some time. Yarn is imported freely, but a duty is placed on cloth imports.

Despite a slowdown in forward sales of textiles from the high levels of 1973, textile mills are continuing to operate on a schedule of 7 days a week, three shifts a day. Industry sources are apprehensive about much pick up before the end of 1974, and are generally unwilling to venture any judgment about prospects beyond that time.

While exact figures are not available, industry sources stated that cotton is still the most prominent fiber used in Malaysia. However, use of manmade fibers is expected to advance as a number of the mills plan to increase production of manmade and cotton blends for the export market.

The import and use of cotton has increased about in proportion to the increase in the size of the textile industry. Consumption is presently about 125,000 bales annually. As the textile industry

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Korea, Philippines, and Thailand

Continued from page 3

high cotton and other raw material costs at a time of reduced financing availability. This situation has been aggravated by some backoff in textile export markets such as Japan.

Korean mills, which are generally sold 3 months ahead, now claim that they are operating at a loss, since textile prices cannot be raised sufficiently to offset higher production and raw material costs. While mills reportedly can continue under these conditions for 6 to 12 months, mill cutbacks and closures could then be expected if the market does not improve.

As of February 1974, Korea had 1.5 million spindles and 14,470 looms in place in the 15 member mills making up the Spinners and Weavers Association of Korea, compared to only 901,688 spindles and 10,083 looms in 1970.

By the end of 1974, plans call for 2 million spindles to be in place and a further expansion next year, bringing total spindleage to 2.7 million by the end of 1975.

If industry expansion goals are met, cotton imports and consumption could exceed 1 million bales in 1974-75, with an increasing share of the output going into export. Exports were valued at $228 million in 1973, compared with $60 million in 1970. Japan is the largest outlet, followed by Hong Kong and the United States.

Korea is second largest outlet for U.S. cotton behind Japan, and could shortly become the largest U.S. market, provided that the United States maintains its present share. About 650,000 bales have been bought forward from the U.S. new crop. While much of this was contracted for at prices above the current market, Korean Government officials said that foreign exchange would be allocated to honor the contracts, and mills expressed full intentions of carrying out the contracts as well.

By far the most important factor presently is the serious lack of financing brought on largely by the cutoff of CCC Credit and P.L. 480, Title I. Due to the credit squeeze, the Korean Government estimates a foreign exchange outlay of $277 million will be necessary to cover 1974 cotton requirements at estimated levels.

The Philippines. In 1973, the Philippine textile industry consisted of 33 mills with a total of approximately 880,000 spindles and 19,000 looms. Capacity is increasing and is expected to rise 10 percent annually to a level of almost 1.2 million spindles by the end of 1976. Trade sources believe nearly all of the increased spindleage will utilize cotton, since prices of synthetics are expected to remain relatively higher than cotton.

In 1973, the Philippines imported 199,000 bales of cotton, of which 195,000 were U.S. growths. In 1974, raw cotton imports are likely to be equal to, or slightly below, the 1973 level. Historically, U.S. cotton has dominated Philippine mill's cotton usage. If expansion plans are met and the textile industry increases its share of the export market, cotton imports in 1976 could amount to as much as 250,000 bales.

Currently, about 95 percent of Philippine textile production is consumed in the domestic market, which is protected by a 70 percent duty on imported fabrics. Nevertheless, many mill representatives indicated that export markets hold the most promise for substantially increasing production above present levels.

Textile production for the export market will probably become increasingly important in the next few years. The competitively attractive labor market has triggered a sharp upward trend in apparel for export—already a major Philippine export item. Also, a sizable number of new apparel manufacturing firms have been established in the Manila area.

Mills producing for the export market report demand is soft. They believe this situation reflects worldwide inflation creating consumer purchasing resistance plus unconfirmed reports of some countries "dumping" textile goods in the export market.

Despite soft domestic and export demand for cotton and other textiles, Philippine mills expect to use 180,000—200,000 bales of cotton in 1974—most of which will again be U.S. cotton. Outstanding export sales as of April 21, 1974, indicated 113,000 bales from the 1973-74 U.S. crop and 70,000 bales from the new crop.

Polyester staple, reportedly in short

Continued on page 16

Grain Status Eases in 1973-74, Tightening Seen for 1974-75

THE LAST 3 MONTHS of 1973–74 brought some easing of the world supply-demand situation for grain, with pressure lessened on wheat supplies but generally firm for feedgrains. For 1974–75, however, the situation appears likely to be somewhat tighter than foreseen in the first preseason assessment made in mid-March.

Behind this altered assessment is a reduction in the estimate of world carry-in stocks for 1974–75, mainly because of a lowered estimate of the USSR stock buildup that occurred in 1973–74. The figure for 1974–75 world consumption, meanwhile, has been increased.

Crop prospects for 1974, especially for wheat, are somewhat less favorable in parts of North America and Asia. Cool spring weather, combined with some planting delays caused by excessive moisture conditions, have generally reduced earlier prospects for bumper crops of spring-sown grains in the affected areas. In addition, some winter wheat areas were hurt by unusually dry conditions. Crop outturns will be better than were earlier expected in some parts of the world such as the Middle East, North Africa, and parts of Europe; but the improvements in these areas are generally offset by the deterioration of crop prospects elsewhere.

As a result of these changes, prospects for recovery of worldwide grain stocks by the end of 1974–75 have also modified somewhat in recent weeks. The world wheat stocks level now seems likely to increase only slightly by mid-1975. The feedgrain stock level, on the other hand, may increase substantially, but this will depend heavily upon whether the 1974 U.S. corn crop reaches the level officially forecast last March. The March forecast was based only on a March seeding intentions report and trend yields; unfavorable wet weather during the past few weeks in the corn belt has clouded this outlook somewhat.

The recent changes in the world situation have also had a direct impact on expected levels of U.S. exports. The estimate of wheat exports for the current year is reduced from 1,200 million bushels to 1,150 million, and the estimate of U.S. feedgrain exports for the current July-June year is increased by over 2 million tons, mainly because of heavier April-June corn shipments that occurred as the movement of new crop Argentine supplies fell sharply short of early-season expectations. For 1974–75, the U.S. wheat export estimate is raised by 50 million bushels, the feedgrain estimate stands unchanged.

With the harvest of the 1973–74 world rice crop virtually completed, total production is now estimated at a record 307.9 million tons (paddy), 7.5 percent above last year's poor crop. However, supplies remain relatively tight, and only in the last 2 months have prices begun to soften.

In the Northern Hemisphere, where most of the crop (Asian) was harvested from November to January, production estimates have declined slightly from previous reports. Thailand's crop is now put at 13.6 million tons, about 14 percent above the 1972–73 harvest. The Burmese and Korean crops, though good, also appear smaller than previously reported.

In the Southern Hemisphere, where most of the crop has been harvested in the last 3 months, production has matched expectations. The Australian crop, pounded by late-season rains, is still 25–35 percent larger than last year. South America's two major exporters also have excellent crops. Production is up 5 percent in Argentina, and 23 percent in Uruguay where a record 168,000 tons has been harvested. Brazil, the major Southern Hemisphere producer, experienced heavy flooding this spring. However, it now appears that early reports of extensive damage to the rice crop were exaggerated. Production should reach the 1972–73 level of 6.2 million tons.

Little can be said about the 1974–75 crop until the performance of the Asian monsoon during June-September can be evaluated. Most countries are targeting increased production, and there is speculation that in some areas rice may be tried on acreage normally sown to other crops. Several major rice-producing countries will probably be short of fertilizer, but this may not be a major constraint as only 13 percent of monsoon Asia's riceland is under the fertilizer-responsive high-yielding varieties.

Outside Asia, larger crops are also planted. Increased production is expected in Italy, Greece, and other south European countries. U.S. acreage is expected to be up at least 9 percent, and if yields exceed last year's below-average showing, production could approach 5 million tons.

The trade picture remains as it was in March, with supplies limited and prices high. Some Southern Hemisphere rice has been coming onto the market. Uruguay plans to export 100,000 tons, up 20 percent from last year. Australia may ship a record 200,000 tons. But Burma is having great difficulty procuring rice from farmers, and will not be able to export as much as earlier expected. Thailand's announced export quota remains at 1.2 million tons, but shipments are brisk, and it is expected that shipments could reach 1.5 million tons this year.

Brazil Reduces ICM And Export Taxes on Soybeans and Meal

The Bank of Brazil's Foreign Trade Division (CACEX) recently announced new Government action to reduce the export tax and the ICM tax—a federally administered domestic value-added tax (VAT)—on soybeans and soybean meal. This is the latest in a series of moves aimed at ensuring adequate supplies of oilseeds, meals, and vegetable oils for both domestic and export markets.

The ICM taxes on soybeans and soybean meal were reduced by 28 and 50 percent, respectively. The tax on soybeans was dropped from 13.5 percent of f.o.b. value to 9.75 percent, while that of meal was dropped from 6.5 percent to 3.25 percent. The new rates took effect June 7 and will remain in operation until December 31, 1974.

The controlled domestic selling price of soybean oil was increased 10 percent May 31, 1974. This action was reportedly taken to stimulate the soybean crush and thereby help eliminate the vegetable oil shortage. Some sources believe the domestic oil deficit cannot be

filled before July, even at the expanded rate of crush.

On the export side, only soybean meal was affected. The export tax for this commodity was dropped from 5 percent of f.o.b. value to 2.5 percent.

Exports of soybean oil have been banned since June 1973 and the ban was expected to be continued at least until July 1, 1974. If shipments are resumed at that time, soybean oil exports are expected to be subject to a retention quota system.

There is no information available on what shape the soybean oil retention plan will take. It is likely, however, the new plan will be similar to earlier ones for soybeans and soybean meal. In the case of soybeans, exporters had to sell 1 ton of soybeans to the Bank for every 3 tons exported. For meal, the requirement was that 1 ton had to be delivered for every 5 tons exported.

Soybeans have not been subject to an export tax.

The vegetable oil shortage in Brazil largely stemmed from the domestic controlled prices for soybean oil and other oils. Because the fixed prices for oil were consistently lower than world market prices, crushing margins were squeezed since raw material prices were not controlled. This situation, coupled with strong demand for oilseed exports, encouraged producers to ship overseas and discouraged crushers from processing for the domestic market.

However, the 10-percent jump in the controlled price for oil has probably encouraged crushers to boost output. And the expectation that the export ban on vegetable oils will be lifted in July, and that abolishment of the controlled price will also come soon, has also helped.

The price increases, and other pending actions may also encourage farmers, to increase soybean acreage. However, because soybean prices are now substantially below those of a year earlier and costs have increased, the amount of the acreage expansion is likely to be substantially less than previously anticipated.

The U.S. Agricultural Attaché in Brazil has reported that this year's soybean crush is expected to rise sharply from last year's 2.7 million tons. If the ban on soybean oil exports is lifted soon, exports could exceed last year's 95,000 tons.

World Weather

Drought persisted and crops have suffered in Scandinavia and the British Isles, although some relief was received from rain in the second week of June. Area affected by drought in northern Mexico and southwestern United States continued to expand; and no relief of consequence came to the African Sahel. Rains have relieved drought in New Zealand but were excessive, causing some crop and livestock losses in parts of Australia.

Favorable weather came in the nick of time to permit planting of crops in much of the Canadian Prairie Provinces and in the U.S. spring wheat belt. Wet spots and standing water have reduced the intended seeded area in this region and in the U.S. corn belt. Planting remains a problem in the Red River Valley. Soil moisture is generally good in Eastern Europe and European USSR enhancing many crop prospects; but here and there excessive rain and cold weather have hurt fruit and row crops. The monsoon is 2 weeks late in India and though May and early June rain helped, conditions verge on the critical if the monsoon had not begun by June 20. Soil moisture is about normal in the major producing areas of the People's Republic of China (PRC).

GRAIN. Drought reduced winter grain prospects and is delaying start of summer crops throughout much of Scandinavia and the British Isles. And, drought is having similar impact in northern Mexico and southwestern United States where growers are now having difficulty starting sorghum. Too much or too frequent rain delayed establishment of grain stands in much of the U.S. corn belt and the spring wheat belt of the United States and Canada; however, a few good planting days in early June permitted growers to make up much of the deficit. Acreage will likely fall below intentions due to wet spots and standing water. Much of the spring wheat will be more vulnerable than usual to frost before maturity.

Planting advanced reasonably well in Europe, the USSR, and the PRC with crop prospects enhanced by generally good soil moisture. Soil moisture is also mostly favorable for seeding winter grains in Brazil and Australia, but excessive in spots in the latter. Rainfall in May and early June has been encouraging in India but monsoon-type rain is late and conditions are becoming critical.

FIBER. Cotton advanced under favorable weather in the USSR and is off to a good start in the United States and Mexico. Drought limited planting of dryland cotton in west Texas. Favorable soil moisture suggests no major problems in the PRC. Cold weather caused much replanting in Greece and northern Turkey.

OILSEEDS. Temperate Northern Hemisphere soybean, sunflower, and peanut areas have good soil moisture. U.S. soybean planting has lagged behind normal due to wet weather and priority given to planting corn. In equatorial regions, peanuts are not so well blessed and will depend more than usual on good, timely rains.

HORTICULTURE. Persistent rainy weather reduced prospects for some fruits and vegetables in Eastern Europe, especially Bulgaria, but benefited citrus production in previously parched Florida. Except for Ireland, United Kingdom, and Scandinavia, where drought is a problem, conditions have been mostly favorable in the major potato-producing regions.

PASTURES AND LIVESTOCK. Rains improved conditions in Oceania, Eastern Europe, and bordering USSR, while pastures and range deteriorated from drought in Scandinavia and the British Isles, Mexico, and southwestern United States. Milk production in important exporters such as New Zealand would be expected to return to normal while slipping in Denmark and Ireland.

OTHER CROPS. Sugarbeet acreage is below expectations in Western Europe due to drought in British Isles and Scandinavia and cold, wet weather at planting in other regions.

Hopes for self-sufficiency dim

Turkey's Wheat Outlook Clouded By Weather, Imports Resumed

By EDWARD F. SEEBORG
Foreign Market Development, Grain and Feed
Foreign Agricultural Service

FOR THE SECOND consecutive year, insufficient rainfall has tarnished Turkey's hopes of achieving self-sufficiency in wheat—the country's most important agricultural crop. Record wheat harvests in 1971 and 1972 enabled Turkey to become a net exporter of wheat for the first time in 20 years. But Turkey resumed wheat purchases in the 1973-74 season, importing some 652,000 metric tons, including about 305,000 tons from the United States.

The wheat harvest is of critical importance in Turkey, since wheat is by far the most important food in Turkish diets. The Ministry of Agriculture estimates that 80 percent of the caloric intake of villagers, who represent two-thirds of the population, comes from grain, of which 80 percent is wheat. Per capita wheat consumption in Turkey is roughly 400 pounds annually, among the highest in the world, and approximately triple that of the United States.

Prospects for this year's crop were brightened considerably by long-awaited rainfall during the first 3 weeks of March. Previously, moisture from winter rains and snow had been inadequate to establish good stands in the Middle Anatolia region, which normally accounts for 40 percent of Turkish production. Moisture reserves were also depleted because of last year's scant rainfall.

As a result, the Anatolian wheat crop is several weeks late in development. Whether the very late germination has already reduced yields is still in question. One Turkish expert estimates that yields will be no more than 75 percent of normal in the important Konya area of Anatolia, even if good rains were received in April and May at key times.

Other wheat production areas in Turkey are reported to have normal or above-normal expectations for 1974. The biggest improvement in crop condition over 1973 is reported in southeast Anatolia, where most of the Durum is grown.

Perhaps the best current estimate is for a minimum Turkish wheat crop of 8 million tons, about the same size as in 1973, with a possibility that it will reach 8.5 million tons with the best possible weather in April and May.

Grains account for about 85 percent of cultivated area in Turkey, with wheat accounting for 65 percent of area sown to all grains and pulses in 1973. Thus, wheat alone currently occupies about 55 percent of cultivated area. Area sown to wheat has changed little since 1960, averaging 20.3 million acres annually for the 5 years ending in 1973. A slight increase in seeded area is forecast for the 1974-75 crop, on the basis of much higher market prices received by farmers for their 1973 crop.

Wheat production has averaged an estimated 9 million tons annually in the past 5 years. Short-term changes result almost entirely from weather-induced yield fluctuations. Long-term upward trend in yields can be seen in the 5-year averages since 1959, as follows: 1959-63, 13.2 bushels per acre; 1964-68, 14.9; and 1969-73, 16.4. The upward trend of about 2 percent per year is due to improved cultural practices, especially conservation of moisture in fallow and gradual acceptance of higher yielding varieties.

But the long-term upward trend of yields must increase if Turkey is to attain self-sufficiency in wheat production. The present rate of yield increase is less than the increase in population. A major goal of agricultural development in Turkey is to improve cultural practices, water resources, and seeds in Anatolia.

Potential increases in yields—as shown in test plots utilizing optimum inputs, high-yielding varieties, and the latest moisture-conserving technology—are quite spectacular in Turkey, as they are elsewhere. The conservative attitudes of farmers, however, has impeded rapid adoption of improved technology and seeds, regardless of how profitable these practices are in controlled tests.

Initially, over-eager planting of high-yielding Mexican varieties resulted in their use in some dry areas with very poor results. This caused farmers to be suspicious of subsequent efforts by Government extension workers to introduce new varieties into these lower-rainfall areas.

The vast majority of Turkish wheat area is planted to bread wheats, as opposed to Durum. In 1973, 13.6-14.8 million acres were seeded to bread wheat, with Durum accounting for only 4.9-6.2 million acres.

Further, both spring and winter wheat crops are planted. Spring wheats in Turkey, however, may be seeded in November or December at the same time as winter wheat—the difference simply indicating varieties which do not require vernalization, a cold dormant period, to produce seed. In Turkey, winter wheat was planted on 16-17.3 million acres in 1973, with only 2.5-3.7 million acres seeded to spring wheat.

HIGH-YIELDING VARIETIES are reported to account for 60 percent of the spring wheat. About 90 percent of these high-yield varieties are reportedly red wheats and 10 percent white.

Five distinct types of wheat are grown in Turkey. In order of market importance they are: Vulgare, a common white wheat, soft to semi-soft in milling; compactum, a soft white wheat similar to the U.S. White Club class; Durum, an amber, winter-seeded hard wheat; Bezostaya, a high-yielding hard red wheat of Russian origin; and high-yielding Mexican varieties, red wheats, soft to semi-hard in milling. "Improved" strains of all of these major types are being developed or are in production in Turkey.

The two types of white wheat constitute the bulk of bread wheat production in Turkey and comprise all of the wheat used for pastry and related products. Production of the higher yielding Bezostaya varies greatly by locality in the Central Anatolia area, from less than 1 percent in the Konya region to approximately 40 percent in a small region just east of Ankara.

Mexican varieties are grown in the higher rainfall Aegean and southern

coastal areas. Wheat in these areas is mostly consumed either by the producing farmer or in the small villages in the immediate areas of production. Very little enters commercial channels for milling by Turkey's modern roller mills.

Grain production is an important factor in the economy of self-sufficiency practiced by most small farm households in Turkey. In addition to grain, farms usually have chickens for both eggs and meat, goats or a few cows for milk, and some sheep. Thus, nearly half of the grain produced is consumed by the villagers and farmers who produce it.

Commercial marketing of wheat in Turkey is similar to wheat marketing in the United States. Farmers have complete freedom to hold and store their production for future use or sale, to sell to a local merchant or miller either for immediate or future delivery, or to sell to the State grain agency, called the Soil Products Office (TMO), at a fixed price announced just prior to the harvesting period. The last option, selling to the Government, serves the dual purpose of providing a minimum market price, as well as a guaranteed market for domestically produced wheat.

Purchases by TMO vary, depending on production and also on free market prices. Usually TMO purchases from 5-10 percent of total wheat production. Considering, however, that about 40 percent of all wheat produced is con-

Family in Ankara returns from market with basket full of freshly baked bread, top. Street vendor, left, carries wheat rolls, which—with sweet tea—constitute the usual breakfast of Turkish schoolchildren. Horsedrawn bakery delivery van, above, is still a common sight in Turkish cities.

sumed by producers and that the quantity offered to the market is an estimated 6 million tons annually, TMO purchases probably amount to 9-18 percent of all wheat offered.

In March 1974, the price received by farmers from grain merchants or millers was about US$4.25 per bushel (220 Turkish lira per metric ton). The fixed price paid by TMO for the 1973 crop was $2.30 per bushel (120 lira per ton), with market discounts on quality applied.

FREE MARKET PRICES offered by grain merchants and millers in Central Anatolia in March were reported to be 220 lira per metric ton for vulgare wheat, 210 lira for compactum, and 190 lira for Bezostaya. The private sector price differentials reflect the preference of millers and bakers for the native white wheats.

TMO's two main objectives are to insure that the bread needs of consumers are met and to stabilize prices. To realize these objectives, TMO builds stocks through domestic purchases and, when needed, through imports. Sales made by TMO to meet its objectives have totaled 10-25 percent of commercial wheat trade in Turkey since 1964-65.

TMO's complex selling policy establishes priorities and prices for no less than eight categories of end-users. Highest priority is for milling to meet consumer bread needs.

Breadgrain sales represent 75-80 percent of all TMO sales and are aimed at holding bread prices relatively stable. Distribution of wheat from TMO stocks for this purpose is based upon requests received from Provincial governors. The quantity allocated is calculated at 22 pounds per capita per month. Millers are required to fill their bread grain needs first from the free market and only from TMO grain if they are unable to find sufficient quantities at a "normal price."

In fixing the selling price of Government grain, TMO aims at protecting the consumer. The price of wheat, a basic commodity, is fixed below other economic indices, so that in times of rising prices, sales are made below cost. The operating loss of TMO is met by an appropriation from the general treasury to the Ministry of Commerce, the agency in which TMO is located.

This year, the subsidies are very substantial, since the domestic supplies acquired by TMO in 1972 and 1973 at relatively low prices ($1.95-2.35 per bushel) are now exhausted. Imported wheat, costing from $5 to $6 per bushel, delivered, is now being sold to millers at the fixed price of $2.42 per bushel.

Increases in the purchase and resale price of wheat handled by TMO are currently being considered to reduce the subsidy necessitated by the record high world wheat prices of fiscal 1974. But the newly elected Government is strongly committed to maintaining low bread prices for Turkey's low-income consumers. Thus, increases, if any, are likely to be limited to a minor portion of those needed to eliminate subsidies required by current import prices.

Wheat milling in Turkey had its beginning, like wheat production, thousands of years ago. Unofficial sources list 262 roller mills and 20,000 "others" as being in operation in 1972. Statistics are unavailable on the total capacity of wheat flour mills or the division of capacity between roller mills and stone mills. An estimate of commercial flour production in 1972 gives the following approximate breakdown in thousands of metric tons in wheat equivalent: Flour, total 7,323 (3723 from roller mills); bread flour, 6,850; macaroni flour and semolina, 120; cookie flour, 4.5; glucose, 21.2; starch, 17.3 (1970); bulgur, total 569; bulgur produced by industrial mills, 90.

The above data confirm a traveler's impression that the Turkish flour milling industry is highly dispersed; is moving slowly towards the more efficient roller mills, which appear to produce about one-half of all flour at this time; does not have a sophisticated end-product requirement; and exists almost entirely for the production of bread flour.

As a food, wheat is consumed almost entirely in the form of bread, which accounts for 88 percent of usage. Second most important for food use is bulgar, accounting for 7 percent. Pasta products are increasing in popularity, but accounted for less than 2 percent of wheat consumption in 1972.

Turkish wheat bread is a hunger-appeasing, satisfying food. It is distinctly different from the unleavened flat bread found in Arab countries, India and Pakistan. In appearance and composition, Turkish bread is similar to the solid, hearth-baked round loaves common to villagers in parts of Russia, Germany, and some East European countries.

ONE OF THE most popular loaves in Turkey is about 10 inches in diameter and 1 to 1.5 inches deep—a thick discus. Other shapes and sizes of bread are also consumed, some much larger and others weighing only a few ounces. The latter are a breakfast staple—two small rolls and a glass of sugared tea are the standard breakfast of most school children in Turkey, as well as working people.

Bakeries in large cities bake French bread and very limited quantities of white pan bread, in addition to traditional Turkish bread, which is by far the most popular. Bread formulates are very lean, consisting of flour, water, salt, and yeast. Neither sugar nor shortening is used, nor is milk. The shelf life of the traditional bread is short, as expected, but this does not present much of a problem to bakers or consumers. Bread is bought freshly baked daily for consumption the same day, and freshly baked breakfast rolls are delivered early each morning to urban dwellers.

The baking industry is a mixture of cottage-type family business and medium-sized bakeries with limited mechanization. No large firms dominate the industry. While most of bread production is sold over the counter at the bakery, the larger bakeries wholesale and deliver bread to small grocery stores and supermarkets.

TURKEY: WHEAT PRODUCTION, IMPORTS AND EXPORTS
[In 1,000 metric tons]

Year	Production	Imports	Exports
1969–70	8,300	939	—
1970–71	8,000	928	—
1971–72	10,700	559	—
1972–73	9,500	26	560
1973–74	8,000	600	12

TURKEY: REGIONAL WHEAT PRODUCTION
[Percent]

Region	Production
Middle Anatolia	40
Southeast Anatolia	11
South	10
Aegean Region	8
Thrace	7
Other	24
Total	100

India To Boost Fruit Output, Exports

India is the world's largest producer of tropical fruit, but exports are small compared to total production. It is also a sizable producer of deciduous fruits and is making efforts to find a market for these products, particularly its apples and grapes.

It has made test shipments of these two fruits to the United Kingdom, but because of the intense competition there, failed to make a dent in the market. It is now testing the grape market in nearby Middle East countries. India's grapes ripen earlier than those from the Mediterranean area and it is probable they will have little or no competition in the Middle East in March and April.

In its effort to boost exports, India recently signed an agreement with Bulgaria to provide machinery and technical assistance for the construction of a number of canneries for processing India's fruits and juices. Some of the factories will concentrate on production of canned blended tropical juices, predominantly for export.

Spectacular gains in production of deciduous fruits occurred between 1961 and 1973 because of striking increases in apple and grape production. Total output of deciduous fruits approximated 578,000 tons in 1973—almost quadruple the 1961 level. Himachal Pradesh and Kashmir accounted for most of the 270,000 tons of apples harvested in 1973.

Grape production increased rapidly from 44,000 tons in 1961 to 187,000 tons in 1971 because of extensive new plantings in Maharashtra and Andhra Pradesh. Urban demand for table grapes failed to grow as fast as large farms expanded their vineyards. As a result, prices fell. Exports of Aneshabi grapes to Mideast markets this spring increased.

Disease problems hampered further gains in orange production during recent years in some areas. India produces nearly 1 million tons of oranges annually. Recent Japanese investments have resulted in the establishment of orchards near Bangalore for the production of small oranges for export as canned products. Output of lemons and limes is also trending upward, reaching over 460,000 tons in 1973.

India is the world's largest producer of mangoes, ranking far above its nearest competitors—nearby Bangladesh and Pakistan. Mango production in the Indian State of Uttar Pradesh has increased during the last decade because of new plantings of improved varieties. Most older varieties bear a good crop every other year. Mangoes account for about half of India's total fruit production which now exceeds 14 million tons annually.

Exports of mango juice shot up during the late 1960's, leveling off at about $2 million annually during 1970-73. Major markets were the USSR, Poland, the United States, and Middle East countries.

Kuwait accounted for nearly half of India's fresh mango exports in 1973, valued at about $1 million. The United Kingdom and the United States were major markets for mango chutney, jam, and canned mangoes last year when the export value of these products was about $1.2 million.

New plantings of mangoes from Agra to Hyderabad are expected to push production beyond 8 million tons in several years. India hopes eventually to export $50 million worth of canned mangoes and mango juice annually. Most of the shipments are scheduled for customers in the USSR and Eastern Europe. Exports of guava and papaya juice are also expected to increase.

Guava orchards have not expanded in area during the last decade because of keen competition from high-yielding wheat varieties in the northern Gangetic Plain. New canneries are expected to prevent the heavy waste of much of the guava harvest by making guava juice for export.

Production of avocados in coastal areas now exceeds 100,000 tons annually. Sales to higher income residents in Bombay and Baroda have encouraged farmers to plant new orchards. Exports of avocados to Kuwait, Saudi Arabia, and Abu Dhabi are expected to increase, reaching a value of $5 million annually.

India exports over $110 million of horticultural products annually, with cashew kernels accounting for about 75 percent of the total. Rising competition from African countries and Brazil is expected to hamper future cashew exports from India.

—By JOHN B. PARKER, ERS

Nigeria's Cotton-Marketing Shift Ups Prices

Marketing of raw cotton in Nigeria changed hands this season, and as a result, prices for cotton used in exported goods moved up. Lower-than-expected production and higher prices should reduce 1973-74 textile exports to minimal levels.

The Nigerian Produce Marketing Company (NPMC)—which was previously concerned only with export sales—now handles all domestic cotton sales as well. In the recent past, mills bought cotton from the Northern States Marketing Board. Under a new pricing scheme announced in December 1973 by the NPMC, mills would be required to pay about 90 cents per pound for cotton lint in 1974, compared with 36 cents in 1973.

In early February, a two-tiered price to mills was announced. The NPMC reduced the price for cotton used domestically to 47 cents per pound, and set the price for cotton used in exports at the world market level.

Nigerian mills, however, may find it difficult to compete on the world market under the new pricing scheme. Nigeria's exports of cotton lint during the current season will probably not exceed 5,000 bales (480 lb. net). During marketing year 1972-73 (August-July), Nigeria exported 30,000 bales, valued at $5.5 million, compared with 5,300 bales worth about $900,000 the previous year.

Cotton production in 1973-74 is expected to total 140,000 bales. Official figures place the 1972-73 crop at 215,000 bales.

Little trade in cotton lint, import or export, is expected this season. Mill executives are concerned that the 1973-74 crop will be inadequate to meet domestic mill requirements, but Government officials maintain that it will be large enough and will even leave a reasonable carryover. Even now, however, the textile industry is petitioning the Government for permission to import cotton duty-free.

—Based on a dispatch from *Office of U.S. Agricultural Attaché, Lagos*

Imported U.S. Cattle Big Draw at Yugoslav Fair

From top, view of street outside U.S. exhibit at Yugoslavia's Novi Sad Fair, May 10-19, 1974; Holstein-Friesian cattle imported from the United States were featured at the fair; four U.S. participants visit Becej Kombinat industrial-agricultural enterprise, whose herd of more than 1,000 Holstein-Friesian was started with U.S. stock.

U.S. Holstein-Friesian cattle imported by Kombinat Becej, a 40,000-acre Yugoslav agricultural-industrial enterprise, were a stellar attraction in the U.S. exhibit at the Novi Sad (Yugoslavia) Fair, May 10-19, 1974.

Kombinat Becej had imported 884 bred Holstein-Friesian heifers in 1970 and 1971 which have been setting milk production records in Yugoslavia.

At the fair, 500 head of U.S. Holsteins worth US$1,120,000 were sold and another US$5 million may be sold later.

USDA cooperators participating in the Fair were the Holstein-Friesian Service and the Holstein-Friesian Association of America, the American Soybean Association, the U.S. Feed Grains Council, and the National Renderers Association, each with its own exhibit. Two cattle semen producers were also represented by U.S. agents.

Total off-floor sales at the fair were US$1,150,000.

Attendance at the fair was estimated at 675,000 persons, a large percentage of whom visited the U.S. exhibit.

Listening to Milan N. Kukic (black shirt) at Becej Farm were, from left: Valere Henry, U.S. Feed Grains Council; Charles J. Larson, Holstein-Friesian Association of America; Robert D. Hellman, Holstein-Friesian Services, Inc.; Dana H. Saylor, U.S. Feed Grains Council; and Robert Osborne, Illinois export specialist.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 18	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.32	+17	(1)
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.33	+38	3.69
15 percent	(1)	(1)	3.73
U.S. No. 2 Hard Winter:			
13.5 percent	4.76	+11	3.59
No. 3 Hard Amber Durum	7.21	+23	3.95
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.42	+8	2.99
Argentine Plate corn	3.66	+5	3.20
U.S. No. 2 sorghum	2.89	−6	2.79
Argentine-Granifero sorghum	2.92	−5	2.80
U.S. No. 3 Feed barley	2.85	+3	2.36
Soybeans:			
U.S. No. 2 Yellow	6.23	+7	7.25
EC import levies:			
Wheat[3] [4]	0	0	1.00
Corn[5] [4]	.08	+3	.46
Sorghum[5] [4]	.57	+1	.68

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bushel lower than those of other EC countries. Note: Price basis 30- to 60-day delivery.

Chile Sets Bean Quota

On May 28 the Government of Chile authorized an export quota of 5,000 metric tons of dry edible beans (domestic consumption varieties) from the 1972-73 and 1973-74 crops.

FRUIT, NUTS, AND VEGETABLES

Japanese Growers To Reduce Orange Crop

Japan's sharply rising production of satsuma (mikan) oranges has hindered U.S. efforts to gain more favorable access for its oranges into the Japanese market over the past few years. And the production uptrend is expected to continue in 1974. Early estimates place this year's crop at a record 4 million metric tons, nearly double that of only 5 years ago.

In an effort to avoid a further recession in prices, Japanese growers reportedly have joined together to work out measures that would reduce the 1974 satsuma crop by 20 percent. Implementation of the measures is to be on a voluntary basis. The three-part scheme provides for pulling out older, low-producing trees; thinning the crop in June through the use of chemicals; and elimination, by hand, of the extremely small and large satsumas during last August and early October.

It is hoped the plan will result in a crop of 3.2 million tons. Prices to growers should average about 50 yen per kilogram, which it is claimed will about equal estimated production costs for 1974, and compares with the 1973 price of 38 yen.

Germany Issues Cherry Import Tender

The West German Government has announced a tender allowing imports of canned cherries (with or without added sugar) from the United States and Canada. Cherries must be in containers of less than 4.5 kilograms (9.9 lbs.) net weight.

Applications for import licenses will be accepted until an undisclosed value limit is reached, but not later than December 20, 1974. Country of shipment and country of origin must be the same. Validity of licenses issued will be 3 months.

France Surveys Frost Damage

The French Ministry of Agriculture and the French Association of Fruit and Vegetable Growers have completed an initial survey of damage caused by 3 nights of below-freezing temperatures at the end of April. Results indicate significant damage to orchard crops in the Rhone Valley and Roussillon areas of southern France. Crops reported damaged and maximum potential losses were walnuts, 600 metric tons; apricots, 45,000; peaches, 90,000–100,000; Bartlett pears, 15,000; apples, 50,000 metric tons; and cherries, 30–40 percent of crop in main area (Vaucluse and Roussillon).

LIVESTOCK AND MEAT PRODUCTS

U.S. Livestock Trade Up

April exports of livestock, meat, and meat products were valued at $144 million—up 24 percent from those of a year earlier. Higher volume of tallow and greases, hides and skins, and live animals, in addition to higher per unit values for most commodities, accounted for the gains and offset reduced pork exports. The reduction in pork exports is due primarily to weak Japanese domestic market prices and high minimum import prices.

Total exports for the first 4 months of calendar 1974 were

$588 million—up 24 percent from those of a year earlier. Higher unit values in general accounted for much of the gain. Significant volume increases—noted for lard, tallow and greases, hides and skins, and live animals—also contributed to the increase.

Imports of livestock, meat, and meat products for April were valued at $169 million—down 1 percent from April a year earlier. Unit values for most commodities were higher, compared with those of a year earlier. However, in terms of volume, imports were at or below previous year levels.

Total imports for the first 4 months of calendar 1974 were valued at $773 million, 22 percent greater than a year earlier. Much of the increase in value of imports can be attributed to higher unit values. Also contributing were volume increases for various pork products and live hogs.

EC Import Licenses Reduce Beef Imports

Reports indicate that since May 7, the European Community has refused to issue import licenses to beef importers until they prove they have purchased an equivalent amount of meat from intervention stocks.

The United Kingdom—one country that will be affected by this action—currently accounts for 40 percent of EC net beef imports. And because most U.K. imports are boneless, the U.K. beef idustry is not prepared to process bone-in frozen beef from intervention. The United Kingdom is also concerned over the importation of bone-in beef from continental Europe because reports of foot-and-mouth disease.

TOBACCO

EC Sets Tobacco Export Subsidies

On May 15, the European Community Commission set export subsidies for certain varieties of 1973 crop Italian tobaccos. Subsidies of about 7 cents per pound on burley, 9 and 10 cents per pound on dark air-cured, and 11 cents per pound on fire-cured tobaccos will be paid beginning May 19 on exports to specified countries. These include Algeria, Tunisia, Morocco, Spanish Customs Territory, Austria, Switzerland, Portugal, Egypt, and East European countries.

In January 1973 the EC began subsidizing exports of Italian tobacco for the first time. At that time, it set subsidies of 9 and 14 cents per pound, respectively, on 1971 crop burley and Xanti-yaka (oriental) varieties. Eligible destinations included East Asian countries as well as those above.

Mexican Cigarette Sales Down

Mexican cigarette sales dropped 11 percent during 1973 due to a price increase on January 1, 1973. The increase, which affected all brands, averaged 45 percent. The entire price increase was the result of increased tax, as factory prices, which are Government controlled, were unchanged.

Meanwhile, leaf tobacco exports soared to 40 million pounds, up 25 percent from the 32 million pounds shipped in 1972. The entire increase was in light tobacco, as dark tobacco exports actually fell. Switzerland and the United States took 7.9 million pounds, or 83 percent of the 9.4 million pound increase. Shipments to the United States surpassed those to West Germany, establishing this country as the leading market for Mexican leaf tobacco exports. In 1973 the United States took 36 percent of Mexican leaf exports.

Mexico imported only 11,000 pounds of leaf tobacco in 1973, as the Government continued to restrict imports through a licensing system and high duties.

Rhodesian Leaf Crop Up 28 Percent

Unofficial reports from Rhodesia estimate the 1973-74 tobacco crop, now being sold, at 187 million pounds. This is 28 percent above last year's target crop. The crop is of exceptionally high quality and is reportedly selling for an average US$.53 per pound. This is 3 cents over last season's prices and 15 cents over the Government guaranteed national average price. Strong bidding is reported for all types.

DAIRY AND POULTRY

Denmark Cuts Broiler Hatchings

Denmark's hatcheries withdrew 3.1 million broiler hatching eggs from incubators in late April. Also, limitations were placed on settings from late April to May 13. Both of these moves are in preparation for the suspension of slaughter operations during July 7-28 in plants that export broilers.

These actions are intended to bring Denmark's poultry industry into conformity with an agreement with other major European Community poultry countries to adjust production in varying degrees during the last half of this year. Denmark's intended reduction is equivalent to 10 percent of normal annual output.

Canada's Egg, Turkey Production Up

The Canadian Government expects egg production, at 6 percent above spring and summer 1973, to continue strongly in surplus through June. Production declines, due mainly to seasonal factors, are expected, hopefully, to bring production back in line with demand at the 60-cent target price (Ontario, at-farm) by the end of September.

Current Canadian marketings of lightweight turkeys are high for the season, being forecast for April-July at a level 15-18 percent above that of a year earlier. At such levels, turkey production also is above immediate needs.

Canadian imports of eggs and products and turkeys have been sharply curtailed by a permit system in use since early May to protect target price levels.

Japan Buys Frozen Egg from PRC, As Australian Egg Stocks Decline

At the recent Canton fair, Japanese interests contracted with the People's Republic of China, (PRC) for the purchase of 8,000 metric tons of frozen egg, at the price of about 45 cents per pound.

Australia had previously been an important supplier of egg products to Japan, utilizing the export of the processed

commodity as an outlet for surplus egg supplies in the domestic market. However, Australia now reports difficulty in meeting prior commitments for export of frozen egg, because new egg production control measures are limiting supplies hitherto exported at uneconomical prices.

Japan's general policy is to limit egg and egg-product imports to protect producer prices. This policy presumably continues, despite the purchase from the PRC, and at least one smaller purchase of U.S. dried egg.

SUGAR AND TROPICAL PRODUCTS

U.S. Essential Oils Imports Down in 1973, Up in Value

U.S. import of essential oils in 1973 totaled 14.7 million pounds valued at $57 million, compared with 15.5 million pounds valued at $49.6 million in 1972. Some 35 different essential oils are separately reported by the Bureau of the Census. Imports of 19 of these oils increased in volume, compared with those for 1972, and the balance showed decreases.

For most items, however, the unit values of imports were higher in 1973 than in 1972, due to general inflationary pressures and rising production costs. In value, the 10 leading essential oils imported in 1973 (1972 import values in parentheses) in 1,000 dollars were: Lime, 6,303 (6,043); patchouli, 4,551 (1,770); lemon, 3,825 (8,097); citronella, 3,545 (2,450); geranium, 3,418 (2,867); clove, 2,458 (2,539); pettigrain, 2,164 (996); rose, 2,073 (1,542); sandalwood, 1,943 (2,179); and vetivert, 1,805 (1,910).

Brazil's Pepper Crop Down in 1973

Because of excessive rainfall, Brazil's 1973 production of black and white pepper totaled only 11,000 metric tons, down from earlier estimates of 15,000 tons. The 1972 crop, at 14,000 tons, was slightly below the record 1971 harvest of 16,000. Production prospects for the 1974 crop are not favorable, and unless weather conditions improve, the 1974 harvest will also be small.

Brazil is the third largest supplier of pepper to the United States. U.S. imports of black and white pepper from Brazil in 1973 totaled 4,236 tons valued at $4.3 million, and represented 17 percent of total U.S. pepper imports of 25,094 tons valued at $26.2 million.

FATS, OILS, AND OILSEEDS

Philippine Copra Output Expected To Recover in 1974

Philippine copra production for 1974 is currently forecast at 1,880,000 tons—up 4 percent from the 1973 crop, but 13 percent below the record outturn of 2,169,000 in 1972. The decline during 1973 and the early part of 1974 is attributed to the severe drought in the major coconut growing area of Mindanao in late 1972. Favorable weather since mid-1973 should enable coconut production to increase rapidly during the last half of 1974, and if favorable weather continues, 1975 could be another record year.

The export outlook for 1974 is for a slightly larger volume, but a doubling in export earnings from coconut products due to higher prices. A higher percentage of these earnings will be from coconut oil than in the past, as new copra crushing facilities are being established and heavy export taxes are imposed on copra exports.

Soybean Market Development Moves Forward in East Europe

A trade team of American Soybean Association (ASA) officials has just completed a tour of four East European countries. In Yugoslavia the ASA team signed an agreement with the Agriculture and Forestry Center to cooperate on soybean market development activities. Preparations were also made for soybean market development programs in Czechoslovakia, Hungary, and Poland—the other countries visited by the soybean marketing team.

In 1973, the United States exported 784,000 short tons of soybean meal, 35 million pounds of soybean oil, and 6 million bushels of soybeans to these East European countries. The need in these countries for livestock protein feed and edible oil is expected to continue to grow rapidly and technical and marketing assistance provided by the ASA program is designed to help meet their requirements with U.S. soybeans and products. To develop and operate a program of activities in Eastern Europe, the ASA plans to establish an office in Vienna, Austria.

GENERAL

India's Monsoon Rains Weak, Scattered in Early June

The force of India's northwest monsoon was weak during the first week of June. Some rainfall from monsoon activity fell in Kerala the first few days of June, and then moved to coastal areas of eastern India. Rainfall continued in Kerala the second week of June, and scattered showers hit Konkan, coastal Andhra Pradesh, Tamil Nadu, and Orissa rainfall districts. Rainfall for the second week of June was far below normal.

Monsoon rains normally reach Bombay by June 6, and already were more than a week late. Without heavy and widespread rainfall, India's 1974 rice and coarse grain crops may be threatened. Last summer's monsoon rainfall began early and was well distributed throughout the country.

Other Foreign Agriculture Publications

• U.S. Livestock/Meat Trade in March Still Above Year-Earlier Levels (FLM–MT 5–75)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202 447–7937.

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U.S. Cotton Team to Korea, Philippines, Thailand

Continued from page 5

supply in late 1973 and early 1974, is said to be readily available now and prices are somewhat lower than previously.

A number of mills reported serious delays in shipment of U.S. cotton—most prevalent in late 1973-74. Although a few mills still have cotton at Gulf ports awaiting shipment, the situation has generally improved in recent months.

Thailand. As in other textile-producing countries of the Far East, the Thai textile industry faces softening demand in both domestic and export markets. At the same time, the Thai Government has temporarily limited textile exports in an effort to hold the line on textile prices to the domestic consumer. This has created uncertainties in the industry. As a result, mills which normally sell ahead 3 to 6 months are currently sold forward for much shorter periods.

Should these conditions continue, raw cotton consumption may not exceed 300,000 bales in 1973-74, compared with 350,000 in 1972-73, and plans for continued rapid expansion in the textile industry may have to be reevaluated.

The textile industry has Thai Government licensing approval to expand spindleage from the present 800,000 to 1.5 million by 1976. Fiber utilization ratios in 1976 are expected to remain at about present levels—60 percent all-cotton, 25 percent polyester-cotton, and 15 percent rayon-cotton.

As the planned expansion is aimed at export markets, the size of the Thai quota to the United States—currently 15 million square yards annually—will become a more important factor in the realization of expansion plans. Currently, Japan is Thailand's largest market for piece goods and the United States the largest outlet for garments.

Provided that current industry expansion plans are met, total cotton consumption could double by 1976, and the United States could capture an increasing share of the market. The Thai industry is stressing quality upgrading and will need constant and increasing supplies of better-grade cotton. An even larger share of the Thai market would be assured if CCC credit was available on a regular basis.

Thai mills currently have bought forward about 120,000 bales of U.S. cotton. Some interest was shown in using the New York Futures Market to hedge forward cotton purchases, but Thailand faces the same problems in effective use of this hedging medium as found in Korea and the Philippines—distance and communication lags.

FAR EAST COTTON MISSION

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continues to grow, the quantity of cotton used is also expected to rise, but the rate of increase may slow down as the use of manmade fibers increases.

The United States is the largest single supplier of cotton to Malaysia, furnishing about one-fourth of the total imports in 1973. Other major suppliers are Pakistan and Brazil, which compete with the U.S. Orleans/Texas type cotton, and Tanzania, which competes with the U.S. medium- to long-staple upland varieties of cotton. Mills reported that they liked U.S. cotton and could count on its performance for intended uses.

The greatest single item of concern among mills was the delay in receipt of some shipments from the United States in recent months. Delays of as much as 6 months were reported. Gains that U.S. cotton has made in this market may be lost if action is not taken to improve the transportation situation.

Malaysian mills also expressed concern about the high level and wide variations that have occurred in cotton prices, and pointed out that cotton was in jeopardy of losing markets if wide price variations continue, since price stability is important to a mill in planning its operations and selling its products.

☆ U. S. GOVERNMENT PRINTING OFFICE : 1974 541-569/50